

TAWC: International Trade Committee: Call for Evidence on Australia FTA

1. The Trade & Animal Welfare Coalition is a group of well-known NGOs who work to improve animal welfare standards across the U.K. We have trade experts guiding our work and helping us to understand the impact of FTAs on animal welfare nationally and internationally. www.tawcuk.org

How good a deal is the UK-Australia FTA for the UK?

2. As a start, It is important to establish whether the agreement concluded between the UK and Australia is a good deal as it is the first negotiated from scratch since the UK left the EU on 1st January 2021. It will thus set the direction for future FTAs that the UK is negotiating. It is also the first test of the Government's manifesto commitment to not undermine existing animal welfare standards when agreeing new trade deals.
3. TAWC's general assessment is that while the deal is overall not optimal, it does contain some good elements.

Agrifood Trade and Farmed Animal Welfare

4. First, the agreement is the first in any FTA negotiated by Australia to include a standalone chapter on animal welfare and AMR, which should be commended. The provisions on animal welfare cooperation are more ambitious than expected as they recognise animals as sentient beings and the link between animal welfare and sustainable food systems. The chapter also includes a commitment "to endeavour to continue to improve their respective levels of animal welfare protection" and lists as an objective for the exchange of information, expertise and experience, the improvement of animal welfare. As such a kind of commitment entirely depends on political and financial resources invested by the parties, it is also encouraging to see a commitment to establish a specific working group on the topic.
5. The chapter also contains commitments not to lower animal welfare standards or not to waiver them to attract trade or investments. Whilst this non derogation/non regression language is not detrimental, not lowering standards is the minimum expected of such developed countries, especially for Australia where standards are already lower than in the UK. In any case, making use of these provisions would be difficult, as it requires to demonstrate a trade effect.
6. Secondly, looking at tariff reduction - which has potentially significant impact on animal welfare, TAWC welcomes the decision not to lower tariffs on pig meat, chicken meat, eggs and egg products. This decision is said to derive from an assessment that animal welfare standards in the field are lower than in the UK. However, the agreement lowers, over a period of 15 years, tariffs on sensitive agrifood products such as beef and lamb without any animal welfare or sustainability-related condition. Cattle, for instance, do not have to be raised on pastures. If fulfilled, the tariff rate quotas (TRQs) in Year One of the Agreement would allow Australia to increase its beef exports to the UK by 60 fold, up to 35,000 tonnes, and its lamb exports by four fold, up to 25,000 tonnes. To access such TRQs, producers in Australia will not have to demonstrate equivalence with UK animal welfare standards on transport and on farm practices (as slaughter rules do apply to all imports already). The only safeguard measures available are established to protect the farm sectors against serious injury.
7. These lower tariffs can thus stimulate Australian exports to the UK - as Australian producers have announced - which could lead to overall more livestock production in Australia, where animal welfare standards are lower than in the UK. This would mean that UK demand could foster cruel

practices not accepted in the UK, externalising the concerns the UK government is trying to fight by enacting animal welfare rules.

8. Australian sheep meat imports is a good example of an imported food product that UK citizens might have ethical concerns about. Indeed, while mulesing is banned in the UK, the import of meat derived from lambs coming from mulesed sheep might increase thanks to lower tariffs. Australian standards are also lower in the cattle sector as feedlots are permitted whilst they are not used in the UK. Finally, cattle and sheep can be transported for up to 48 hours, compared to 29 hours currently (and a commitment to lower to 21 hours in the next year) in the UK.
9. In conclusion, while the lack of equivalence on animal welfare standards has led to no tariff reduction for pig and chicken meat as well as eggs and egg products, the same logic has not been followed on beef and sheep meat. The explanation is likely to be linked to the fact that Australia does not export much of the former products to the UK, while beef and sheep meat were part of its offensive interests. In addition, cattle and sheep do not benefit from species specific rules in the UK. Yet, it would have been appropriate to condition access to lower tariffs on the respect of UK-equivalent transport rules, and in the case of cattle, on the use of pasture only. Considering these facts, the UK government should publish the study based on which it decided to lower tariffs for beef and sheep meat, but not for chicken and pig meat, as well as for eggs and egg products.
10. The decision made in the context of the UK-Australia FTA (bending where strategic interests of the partners lie) could be seen as a negative precedent for negotiations with countries such as Mercosur, Mexico, or India. In addition, it could create the feeling among UK farmers that while they are raising their standards to respond to consumers' ethical concerns, lower standards imports are facilitated, and potentially taking over, which would then hinder the achievement of the objectives laid down by the UK in their animal welfare legislation.

SPS chapter

11. The SPS chapter included in the agreement reiterates WTO language on the field. While it does not force the UK to scrap its existing bans on the imports of meat derived from animals fed with hormones or ractopamine, or of chlorine-rinsed chicken meat, such language is a missed opportunity, as it does not recognise the right of the UK to rely on the precautionary principle to maintain such measures. The UK will thus have less ammunition if attacked on this issue at WTO, or when countries complain through diplomatic channels. These measures, while related initially to animal health, also have a positive impact on animal welfare.

TBT chapter

12. TAWC welcomes that the TBT Chapter does not seem to preclude mandatory labelling covering imported products.
13. Yet, the chapter also contains an annex on cosmetics and its language could lead to a weakening of standards currently applied by the UK. The UK currently has an absolute ban on animal testing for ingredients that will exclusively be used in cosmetics, which applies to imports. Paragraph 22 of Annex 7A of the concluded agreement states that: *'Neither Party shall require that a cosmetic product be tested on animals to determine the safety of that cosmetic product, unless there is no validated alternative method available to assess safety. A Party may, however, consider the results of animal testing to determine the safety of a cosmetic product.'* While the use of "may" seem to indicate that a Party can still decide not to consider the results of animal testing, it would be better to receive official clarification about this, either through an official letter or an official statement. This annex also fails to mention cosmetic ingredient testing.

14. So, in conclusion, the deal is neither particularly good or particularly bad for the UK but in some areas it does pose risks to UK standards and it does seem more weighted in favour of Australia when it comes to animal welfare. Whilst the impact of the deal on UK farming is untested, it sets a precedent for negotiations with countries such as Canada and India that will want the same model for their eggs, chicken meat and pigmeat which will undermine UK farmers.

To what extent has the Government achieved its stated negotiating objectives?

To strengthen research and cooperation

15. The UK has laid out the basis to meet this objective when it comes to strengthening research and cooperation on animal welfare. Yet, it remains to be seen how these provisions will unfold in practice.

To not compromise on high animal welfare or food safety standards;

To uphold the UK's high levels of public, animal, and plant health, including food safety.

16. The UK has met the objective to not compromise on its food safety standards and to uphold the UK's high levels of animal health. Yet, the provisions of the SPS chapter do not provide any ammunition for the UK to defend its reliance on the precautionary principle for several animal health based import bans, which are beneficial for animal welfare.

17. There are concerns around the maintaining of high levels of animal welfare standards (see the previous section), which means it has not fully met its objectives in this area. Indeed, as imports of Australian sheep meat and beef will be fully liberalised within 15 years without any requirements for these products to meet UK equivalent animal welfare standards - which are likely to become stronger in the near future - it is likely that UK imports of these lower welfare products increase at the detriment of higher welfare products, regardless of their origins. This could lead to the UK not achieving the objectives listed by its animal welfare legislation, and thus not responding to UK citizens' concerns.

To secure broad liberalisation of tariffs on a mutually beneficial basis, taking into account UK product sensitivities, in particular for UK agriculture;

18. The UK has not met the objective of securing broad liberalisations on agriculture whilst taking into account product sensitivities as it has permitted the preferential import of products not produced to UK animal welfare standards for beef and lamb/sheep meat. As the first UK FTA, it could represent a bad precedent of the UK bending over the partners' requests when it concerns their offensive interests, and it does not bode well for future negotiations with countries that are strong food producers.

To futureproof the agreement in line with the Government's ambition on climate change;

19. The UK has not met the objective of future proofing the agreement in line with its ambition on climate change. First, the agreement is likely to lead to more ruminant meat production in Australia, and these sectors are known to be significant GHG emitters. In addition, the beef sector in Australia has been found to be linked to deforestation. The FTA also does not contain any detailed commitment to effectively implement the Paris Agreement, merely affirming countries commitments to combat climate change (Article 22.5) rather than setting specific targets for both countries to meet.

To what extent does the FTA deliver on the UK-Australia Agreement in Principle?

20. The FTA delivered on the principles set out in the AiP regarding animal welfare cooperation. Yet, the TBT chapter brought a surprise as the Annex on Cosmetics could be seen as diverging from the UK's current stance of not accepting any animal testing of cosmetics (see first question). There is a need for official clarification. The UK public have demonstrated their opposition to animal testing for cosmetics through a number of polls and surveys and allowing import of products tested on animals or for the UK to lower its own standards in this area will be a great disappointment to them. It will also again undermine the manifesto commitment not to undermine existing animal welfare standards when agreeing new trade deals.

How are the terms of the FTA between the UK and Australia likely to affect you, your business or organisation, or those that you represent?

21. TAWC members work to lift animal welfare standards and over the last year the UK has moved toward improved standards in areas like animal transport. The Government has made some very positive steps and has stated it wants to be a leader in high animal welfare standards, however trade is not reflecting that ambition. Members' work on domestic legislation would be undermined by the import of lower standard products. There is strong support amongst the public, 75% in one opinion poll, for the Government to honour its commitment not to lower animal welfare standards in FTAs.
22. One of our members is the RSPCA, which through its RSPCA Assured assurance scheme, is in the business of raising farm animal welfare standards. RSPCA Assured covers around 55% of UK laying hen egg production, and 30% of UK pig production and last year the scheme grew by 9%. Such standards would be under threat if the UK agreed trade deals that allowed in products produced to lower standards, as the standards, producers and consumer's expectations would be undermined by such products.

What is likely to be the impact of the agreement on:

the UK's economy as a whole?

23. The Government's own figures show it is targeted to increase exports by 55% but these will not be agrifood products. It will boost the economy by £2.3 billion (0.1% of current GDP). Therefore, the impact is minimal.

particular sectors of the UK economy?

24. On the farming sector, the export impact is expected to be minimal as Australia had 0 tariffs on most agri food imports prior to the FTA aside from cheese. The impact of greater imports of beef and lamb could be higher, depending on how Australia uses the deal. It is expected, as most of Australia's beef and lamb trade already goes to China and the Middle East - both geographically closer - that Australia will not fill its TRQ even in 2022 as there is no spare capacity in the beef sector to rapidly increase production. In addition lamb is a cross seasonality trade, exported to the UK when lamb is not being produced in the UK so is not in direct competition. Nonetheless, trade agreements are meant to last and in the future this may change.

the UK's devolved nations and English regions?

25. As trade is a reserved matter, and farm animal welfare a devolved matter, the devolved countries have no say in what the UK agrees in FTAs. Nonetheless any impact could be felt in those regions with significant lamb production, such as Wales, or a significant local beef production, such as Scotland.

UK consumers?

26. If Australia filled its lamb and beef TRQs this could result in large amounts of meat in the UK market not produced to UK standards. As the consumer has repeatedly stated that they do not want to see products produced to lower than UK standards. To UK consumers, animal welfare is key to differentiate the product hence products are not alike depending on the method of production. This can open the way to discriminate against products based on higher tariffs for low animal welfare products.

How well has the Government communicated its progress in negotiations – and how much has it listened to stakeholders during those negotiations?

27. There has been no formal mechanism for either updates or feedback during negotiations. There were some zoom meetings which revealed very little to stakeholders and much of the information was obtained either via the media or from the Australian Government's updates. The Australian Government seemed to provide more updates and were more transparent than the Department for International Trade.
28. The UK has yet to publish its trade strategy and broadly there is no clarity on its approach to FTAs. The Trade and Agriculture Commission made the recommendation to only liberalise trade on agri food products based on conditionality which TAWC and other stakeholders have supported. The Government failed to respond to the TAC report for 9 months yet in the meantime agreed an FTA with Australia in which there is no conditionality on standards. This is an approach lacking in transparency and communication which has made our members feel fully excluded from the process.

What lessons and inferences for other current and future negotiations can be drawn from how the Government approached, and what it secured in, the FTA with Australia?

29. The Government obtained some useful language on animal welfare and by placing the animal welfare Chapter outside the SPS Chapter showed that animal welfare standards were different to and separate from SPS standards. All future FTAs should have a standalone chapter on Animal Welfare.
30. The Government was able to maintain its MFN tariffs on some sensitive tariff lines such as pigmeat and dried and liquid eggs which were not an Australian priority. The Government should use this tool based on a list of core standards for animal welfare which have already been produced by TAWC members and are likely to be supported by organisations like the NFU. It can then utilise this tool to ensure any reduction in tariffs is only given to those products produced to UK standards which is important to UK consumers.